

UNITED STATES CLIMATE ALLIANCE

Green Banking Factsheet

An Initiative of the U.S. Climate Alliance

Background

A Green Bank is a specialized financial entity that works with the private sector to fund sustainable infrastructure projects with environmental benefits. A Green Bank typically helps finance commercially viable and proven clean energy technologies which pose minimal technology risk but still face other barriers to attracting capital. These barriers include data limitations on project performance, smaller size or wide variety of distributed clean energy, water or low-carbon technologies, and illiquid capital markets. Green Banks address these barriers by working with private sector market participants to strategically provide capital to green projects, demonstrating the viability of investments that contribute to sustaining the environment and encouraging additional private market activity.

State Leadership to Date

US Climate Alliance states have pioneered the use of Green Banks.

- In 1994, California established the California Infrastructure and Economic Development Bank (IBank) that houses the California Lending for Energy and Environmental Needs (CLEEN) Center. Since 2015, IBank has raised over \$860 million in private investment that has been deployed to over \$1.2 billion in water and clean energy projects.
- In 2011, Connecticut established the first Green Bank in the US, which in partnership with the private sector has led to the deployment of over \$1 billion in capital for clean energy projects, mobilizing six private dollars for every public dollar of investment.
- In 2013, New York created the largest Green Bank in the country, a \$1 billion fund to mobilize private capital for clean energy projects within New York State. As of early 2018, NY Green Bank investments have resulted in \$1.6 billion of total clean energy investment.

U.S. Climate Alliance Collaboration

At a public meeting of US Climate Alliance co-chair Governors in September 2017, NY Gov. Andrew Cuomo announced NY Green Bank would raise at least \$1 billion of private capital which can be deployed outside of New York to stimulate clean energy investment across Alliance states and beyond.

Building on the groundwork laid by NY Green Bank and technical assistance offered by California, Connecticut and New York, States are collaborating on potential new avenues to establish Green Banks. States are actively engaging with consultants, foundations and educational nonprofits to advance and scale new green bank models, as well as working with NY Green Bank and others to explore opportunities to leverage existing internal infrastructure to expand and scale green bank financing nationally.